



Takoma Park City Council Meeting – May 22, 2019

Agenda Item 5

Work Session

Fiscal Year 2020 Budget Process

Recommended Council Action

Discuss the Fiscal Year 2020 (FY20) budget development process

Context with Key Issues

In general, the process utilized to develop the FY20 budget was as follows:

- November-December 2018:
 - Begin internal processes to develop personnel budgets, and capital and equipment budgets
 - Preliminary meetings with Councilmembers to discuss process and expectations
- January 2019:
 - Finalize recommended personnel, capital and equipment budgets
 - Staff meetings to discuss expectations for current fiscal year projections and high-level overview regarding budgets for next fiscal year
 - Council Retreat meetings
- February-March 2019:
 - Development of preliminary departmental budgets; presentation of proposals to City Manager
 - Roundtable Discussion between Council and Senior Leadership Team members
 - Receive Constant Yield Tax Rate from state
 - Council adopts Council Priorities for upcoming fiscal year
 - Finalize departmental budgets and develop City Manager's Recommended Budget
- April 2019:
 - Presentation of City Manager's Recommended Budget
 - Budget Open Houses
 - Council Budget Work Sessions
 - Public Hearings on Recommended Budget and Tax Rate
- May 2019:
 - Council Budget Work Sessions as required
 - Budget Reconciliation
 - Adoption of Annual Budget

Each year, we strive to learn from our experiences in previous years and make improvements to the budget development process and budget document. Regarding the FY20 Recommended Budget document, several improvements were made from previous years including: provision of a more detailed breakdown of certain budgeted expenditures in each department/division (things like

services and charges, supplies, and items that are traditionally grouped together as "miscellaneous"), parsing out some programs that have traditionally been lumped together in departmental administration budgets (like Sustainability, Arts & Humanities, and Economic Development) with the goal of presenting a more program-based breakdown, and creating and including a summary table of the departmental and divisional/program area budgeted expenditures toward the front of the budget. Along with the budget document, staff also made available information from the original departmental proposals as well as detailed budget worksheets that showed individual items in each budget line. Additionally, at the Council Work Session meeting immediately following the presentation of the City Manager's Recommended Budget, staff provided information on the costs of certain programs, services, and events for Council's information as a primer for a discussion on potential cuts to the budget. The City Manager identified programs and services that she recommended be cut if the Council desired to reduce the proposed tax rate down to the Constant Yield.

During the last several Council meetings about the budget, Councilmembers have suggested further improvements that could be made, as well as the desire to be more deliberate in discussing the budget process throughout the year rather than just during the March-May timeframe when discussing the proposed budget a tax rate. Some of the suggestions made include more clearly showing how fund balances change over time, showing the percentage changes in certain budget summaries, and creating and sharing a budget "frequently asked questions" document. There has also been some interest expressed in establishing a target prior to the development of the Recommended Budget that is based on the Constant Yield Tax Rate and a growth index, such as the Employment Cost Index, Federal Cost of Living Adjustment percentage, or the Consumer Price Index.

The purpose of tonight's Work Session is to further discuss how the FY20 budget development process went from the Council's perspective, what changes Council would like to see next year, and what additional budget related items should be discussed prior to the development of the FY21 budget. Items already on the agenda to be scheduled include discussions about personnel and compensation, and establishment of a new tax credit/rebate program.

Council Priority

Fiscally Sustainable Government

Environmental Considerations

Not applicable.

Fiscal Considerations

The discussion is expected to provide insights and guidance to staff on further improvements that could be made to the budget development process and budget document for FY21 and beyond.

Racial Equity Considerations

We do not expect that this item will disproportionately impact any particular group in a positive or negative way.

Attachments and Links

City Manager's Proposed Budget for Fiscal Year 2020:

<https://documents.takomaparkmd.gov/government/finance/budgets-and-financial-documents/proposed-budget/Proposed%20Budget-FY2020-a.pdf>